



OHIO AGGREGATES & INDUSTRIAL MINERALS ASSOCIATION

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Chairman Andre T. Porter
The Public Utilities Commission of Ohio
180 E. Broad Street
Columbus, Ohio 43215

May 15, 2015

Re: FirstEnergy (Ohio Edison, Cleveland Electric Illuminating, Toledo Edison), Case #14-1297-EL-SSO

Dear Chairman Porter:

We are writing to you on behalf of the nearly 200 members of the Ohio Aggregates & Industrial Minerals Association (OAIMA) to express our concern regarding FirstEnergy's General Service-Transmission (Rate GT) Provision within the Economic Development Rider.

FirstEnergy's Rate GT Provision is identical in structure to Duke Energy's current Load Factor Adjustment Rider (Rider LFA) except that Duke's Rider LFA applies to all general service demand metered customers where FirstEnergy's provision applies only to customers served at transmission voltage. FirstEnergy's Rate GT Provision currently is \$8/kW and a credit (negative) of \$0.018512/kWh. Duke's Rider current Rider LFA is \$8/kW and a credit of \$0.019510/kWh.¹ (Rate schedules attached).

In its current ESP case (#14-0841-EL-SSO), Duke Energy requested that the Load Factor Rider be eliminated indicating in its Application that the Rider is not warranted. FirstEnergy also indicated in their Application in their current ESP case (#14-1297-EL-SSO) that their Load Factor Rider (Rate GT Provision) is also no longer warranted but proposed that it be phased out over the term of the next ESP rather than eliminated entirely effective with the beginning of the ESP period as Duke had proposed.²

We have members that have been impacted with significant charges from the Load Factor Riders in all of the service areas where they have been implemented (Duke, AEP, and FirstEnergy territories).

For some of our members, the amount charged through the Load Factor Riders is very significant, sometimes as much as a third of their total cost of electric service. During the past several years we have been working with our members to help look for ways to mitigate the impacts from these new non-bypassable riders.

¹ AEP also had a similar Load Factor Rider that was implemented in January 2012 but was eliminated a few months later when the PUCO determined AEP's new rates weren't in the public's best interest after many customers complained about impacts.

² Recently, certain Parties in the FirstEnergy case have entered into a Stipulation that includes among other things, extending the phase out period proposed by FirstEnergy in its Application and ending the ESP with a phased down rate rather than an eliminated rate.

It has come to our attention that some of our members have discovered that their bills for distribution service decrease when they operate more hours and increase when they operate less hours as a result of these Load Factor Riders. Some members have indicated they believe they could reduce their bills by leaving their equipment running even when they are not operating, which concerned us.

The following example assumes a single piece of equipment uses 1000 kWh/hour. Rate GT Provision in FirstEnergy's tariff produces the following amounts for the corresponding number of hours of operation:

<u>kW</u>	<u>Hours</u>	<u>kWh</u>	<u>\$</u>	<u>\$/ kWh</u>
1000	1	1,000	\$7,981.49	\$7.981
1000	100	100,000	\$6,148.80	\$0.061
1000	200	200,000	\$4,297.60	\$0.021
1000	300	300,000	\$2,446.40	\$0.008
1000	400	400,000	\$595.20	\$0.001
1000	500	500,000	(\$1,256.00)	-\$0.003
1000	600	600,000	(\$3,107.20)	-\$0.005
1000	700	700,000	(\$4,958.40)	-\$0.007
1000	730	730,000	(\$5,513.76)	-\$0.008
demand charge			\$8.00	
energy charge			(\$0.018512)	

The table above shows that the amount charged by FirstEnergy's Rate GT Provision (Load Factor Rider) varies from a charge of \$7,981.49 for using the equipment one hour yet unbelievably it would provide a credit of \$5,513.76 if that same piece of equipment were left on the entire monthly billing period. In other words, a customer could avoid a charge of \$7,981.49 and receive a credit of \$5,513.76, a difference of \$13,495.25, by leaving the equipment running all month.

We don't believe that it is good public policy to leave a rate in place that could encourage the wasteful use of energy merely because some customers have become accustomed to the discounts the rider provides and that taking the discounts away would be too big of an impact for those customers.

If it is determined to be necessary to continue to provide discounts to certain customers, we recommend that the mechanism to provide that discount be changed from one that may encourage the wasteful use of energy (Load Factor Riders) to a mechanism that is more transparent and fair and one that encourages conservation and the more efficient use of our resources.

Respectfully Submitted,



Patrick Jacomet
Executive Director
Ohio Aggregates & Industrial Minerals Association



RIDER EDR
Economic Development Rider

c. Non Residential Credit Provision

APPLICABILITY:

Applicable to any customer taking General Service - Transmission (GT), Street Lighting (STL) and Traffic Lighting (TRF) service under the Company's rate schedules. This Non-Residential Credit Provision is not applied during the period a customer takes electric generation service from a certified supplier.

RATE:

The following credits will apply, by rate schedule, effective for service rendered beginning April 1, 2015, for all kWhs, per kWh:

GT	(0.0000)¢
STL	(0.3579)¢
TRF	(1.5230)¢
POL	(2.4799)¢

d. General Service - Transmission (Rate GT) Provision

APPLICABILITY:

Applicable to any customer taking service under the Company's General Service - Transmission (Rate GT). This provision is not avoidable for customers who take electric generation service from a certified supplier.

RATE:

The following charge will apply, effective for service rendered beginning June 1, 2009:

GT (per kVA of billing demand)	\$ 8.000
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The following credit will apply, effective for service rendered beginning April 1, 2015:

GT (all kWhs, per kWh)	(1.8512)¢
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ADDITIONAL PROVISION:

The charges provided for by Section (d) of this Rider shall be applied to the greater of (i) the measured monthly on-peak demand, or (ii) 25% of the measured monthly off-peak demand. Monthly on-peak demand is defined as the highest thirty (30) minute integrated kVA between the hours of 6:00 a.m. to 10:00 p.m. EST (equivalent to 7:00 a.m. to 11:00 p.m. EDT), Monday through Friday, excluding holidays. Holidays are defined as New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Monthly off-peak demand is defined as the highest thirty (30) minute integrated kVA for all other hours. This provision of Rider EDR is reconciled within this subpart (d) quarterly and is revenue neutral to the Companies.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

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Cancels and Supersedes
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RIDER LFA

LOAD FACTOR ADJUSTMENT RIDER

APPLICABILITY

Applicable to all retail demand-metered customers served under Rate DS, Rate DP, and Rate TS in the Company's electric service territory including those customers taking generation service from a Competitive Retail Electric Service provider.

DESCRIPTION

The purpose of this rider is to stabilize electric service by enhancing the benefits associated with high load factor customers under current rates. The rider will be structured with a demand charge and an energy credit. The energy credit will be used to reduce the customer's applicable energy charges for electric service, representing a decrease in charges to the customer. The credit provided in this rider will be adjusted quarterly to ensure, in the aggregate, that the dollars credited via this rider are equal to the charges.

CHARGES

The charge for each respective electric service rate schedule is:

Tariff Sheet	LFA Charge (per kW/kVA)
Rate DS, Service at Secondary Distribution Voltage All kW	\$8.00
Rate DP, Service at Primary Distribution Voltage All kW	\$8.00
Rate TS, Service at Transmission Voltage All kVA	\$8.00

CREDITS

The credit for each respective electric service rate schedule is:

Tariff Sheet	LFA Credit (per kWh)
Rate DS, Service at Secondary Distribution Voltage All kWh	\$0.019510
Rate DP, Service at Primary Distribution Voltage All kWh	\$0.019510
Rate TS, Service at Transmission Voltage All kWh	\$0.019510

Filed pursuant to an Order dated November 22, 2011 in Case No. 11-3549-EL-SSO before the Public Utilities Commission of Ohio.

Issued: August 28, 2014

Effective: September 30, 2014

Issued by James P. Henning, President

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Summary: Comments of Ohio Aggregates & Industrial Minerals Association (OAIMA)
Case# 14-1297-EL-SSO electronically filed by Ms. Dawn M Hoover on behalf of Ohio
Aggregates & Industrial Minerals Association